

The AGRICULTURAL OUTLOOK DIGEST

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Many of the measures of economic activity are setting new records this summer.

Industrial production almost reached its postwar peak in May; was expected to equal the peak in June. Spending for new construction last month was higher than ever before. We are now making about as much steel and have about as much new construction under way as our present resources will permit. The rate at which motor vehicles are being produced far exceeds past records.

The number of people at work in May and June set new records for each month. Unemployment is down to the lowest level since April 1949.

Boomtime activity is stepping up the flow of income to consumers. Larger payrolls and increased dividend and interest payments have pushed personal income well above a year ago.

Consumers generally are spending the money in their pockets at a high rate and many are going into debt faster than they are repaying old loans. Consumer credit outstanding at the end of April (latest figure available) was 18.6 billion dollars, 3 billion more than a year earlier. Purchase of automobiles and other products on installment credit accounts for most of this increase. However, credit on open accounts and in single-payment loans also is up.

Generally brighter economic conditions have persuaded businessmen to spend more for plants and equipment than had been expected earlier. Total for 1950, however, is likely to fall below the 18.1 billion dollars for 1949.

Farmers' prices continue to draw strength from the rising activity in cities and towns. The index of Prices received by farmers has been steady for several weeks at a level 5 percent higher than at the beginning of 1950 and only slightly below a year earlier.

Compared with June 1949, truck crops are up 17 percent, the sharpest advance among the commodity groups. Wool has gained 14 percent, feed grains 13 percent and oil bearing crops 9 percent. Smaller advances have been made by food grains and meat animals.

Poultry and eggs are farthest below a year ago with a 26 percent drop. Vegetables other than truck crops are down 24 percent and fruit 12 percent. Declines for tobacco, cotton and dairy products are minor.

Prices farmers pay are going up slowly. The index of prices paid by farmers including interest, taxes and wage rates was slightly higher in mid-June than a year earlier.

While farmers' prices generally have moved up this year, average for the first 6 months was 6 percent below same period of 1949. Quantity of products sold also was down a little. Consequently, the 10.6 billion dollars farmers got from marketings was about 8 percent below the first 6 months of 1949.

LIVESTOCK AND MEAT Farmers raised 60,079,000 pigs this spring, 3 percent more than a year ago. Although 5 percent more sows farrowed than last spring, number of pigs saved per litter was 2 percent smaller and only slightly above 10-year average. Cold or stormy weather was mainly responsible for drop in average number saved.

If farmers' plans for the fall pig crop are borne out, the number of sows farrowing during the season will be 5 percent more than last year. Fall crop may be about 39 million head. This would bring total crop for 1950 to 99.1 million, largest in history except for 1942 and 1943. In first of the two wartime years, total crop was 104,903,000; in 1943, 121,807,000.

DAIRY PRODUCTS May was the first month in a year and a half that milk production was below the same month a year earlier. Delayed pasture development was largely responsible. Prices for dairy products are steady at about support levels.

Federal taxes on the production and sale of margarine ended July 1. In the 32 States which do not prohibit the sale of colored margarine, the colored product will largely replace the white. Lower retail prices also will tend to bring about additional consumption of colored margarine.

POULTRY AND EGGS Seasonal price rise for eggs this summer is likely to be smaller and later than usual. Market supplies from farm production and cold storage stocks will continue large.

Increased marketings of young and mature farm chickens and broilers weakened poultry prices in late June.

FEED GRAINS Corn prices in mid-June were only 4 cents below the National average loan rate. Unless yields for 1950 crop are unusually high, corn prices are likely to stay higher than in the summer and fall of 1949. Most feed prices in June were higher than a year ago.

WHEAT With the wheat crop expected to be only about equal to consumption during the coming season, prices are not expected to fall as far below the loan this summer as in some recent years.

FRUITS AND VEGETABLES Higher prices than last year are expected for the smaller supplies of deciduous fruits marketed in July and August. Total output of these fruits this year probably will be moderately lower than last year and a little below average.

Demand for oranges for manufacture into frozen concentrate juice is stronger in California than last year. This is likely to help keep prices above those of the summer of 1949. Supplies of Valencia oranges are about the same as a year ago.

Production prospects pretty largely determine price prospects for fresh vegetables in July and the first half of August. Heavier production of watermelons and cabbage probably means lower prices than last year. On the other hand, smaller crops of celery, tomatoes and cucumbers is expected to result in higher prices than last summer.

Prices support purchases of early potatoes have been substantial so far this season. Prices are expected to decline seasonally as the intermediate and late crops are marketed.

COTTON AND WOOL Spot cotton prices hit their highest level in nearly 2 years in mid-June. In the two preceding months, the daily rate of mill consumption increased in contrast to the usual seasonal decline. Through April, exports were a fifth above the same period last season and the highest since prewar.

More than half the cotton placed under Government loan this season has been redeemed. In addition, substantial quantities of 1948 crop cotton held by CCC has been sold.

World demand for wool continues strong with prices for most types of apparel wool in foreign markets rising slightly from mid-May to mid-June.

TOBACCO Flue-cured tobacco marketed this year is expected to bring prices above the low level. Marketings in the Georgia-Florida area will begin in late July.

Auction prices for the 1949 Maryland crop averaged about 49 cents per pound through late June compared with an average of 54.4 cents for the 1948 crop. About two thirds of the 1949 crop has been marketed.

This report is based chiefly on conditions that existed before the outbreak of conflict in Korea.

